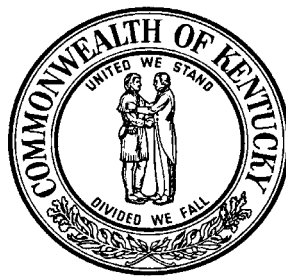


**REPORT OF THE AUDIT OF THE
CHRISTIAN COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2002**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net

144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912

LETTER OF TRANSMITTAL

**AUDIT EXAMINATION OF THE
CHRISTIAN COUNTY FISCAL COURT**

June 30, 2002

The Auditor of Public Accounts has completed the audit of the Christian County Fiscal Court for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based on the work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

The county had net assets of \$11,798,153 as of June 30, 2002. The fiscal court had unrestricted net assets of \$4,992,157 in its governmental funds as of June 30, 2002. In its enterprise funds, cash and cash equivalents were \$522,932 with total net assets of \$317,111. Total debt principal as of June 30, 2002, was \$26,281,759 with \$1,061,242 due within the next year.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
CHRISTIAN COUNTY OFFICIALS.....	3
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	4
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS	15
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS	19
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS	23
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS	27
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS	31
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS	35
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS.....	39
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS - MODIFIED CASH BASIS	43
NOTES TO FINANCIAL STATEMENTS	45
BUDGETARY COMPARISON SCHEDULES – MAJOR FUNDS.....	65
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	75
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Steve Tribble, Christian County Judge/Executive

Members of the Christian County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Christian County, Kentucky, as of and for the year ended June 30, 2002, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Christian County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Christian County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Christian County, Kentucky, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Steve Tribble, Christian County Judge/Executive
Members of the Christian County Fiscal Court

The county has elected to implement Governmental Accounting Standards Board Statements 33, 34 and 37, as they relate to the modified cash basis of accounting as described in Note 1, which has altered the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated July 29, 2003 on our consideration of Christian County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 29, 2003

CHRISTIAN COUNTY OFFICIALS

For The Year Ended June 30, 2002

Fiscal Court Members:

Steve Tribble	County Judge/Executive
William H. Bruce	Magistrate
Mark E. Cansler	Magistrate
James R. Carr	Magistrate
Joe M. Covington	Magistrate
Lewis Everitt Croft	Magistrate
James Edward Fleming	Magistrate
Cleatus Edwin Long	Magistrate
Howard Rudolph Pettus	Magistrate

Other Elected Officials:

James Michael Foster	County Attorney
Lewis L. Leavell, Jr.	Jailer
Michael A. Kem	County Clerk
Gary Haddock	Circuit Court Clerk
William E. Gloyd	Sheriff
Mills Foster	Property Valuation Administrator
Dorris L. Lamb	Coroner

Appointed Personnel:

Frank T. Mason	County Treasurer
Nita K. Leavell	Finance Officer
Darlene Garrett	Jail Administrative Assistant
Charles Alan Chambers	Road Supervisor



EXECUTIVE OFFICES

CHRISTIAN COUNTY

515 WEBER STREET
HOPKINSVILLE, KENTUCKY 42240

STEVE TRIBBLE
COUNTY JUDGE EXECUTIVE

TELEPHONE
270-887-4100
FAX
270-885-7501

Management's Discussion and Analysis

June 30, 2002

The financial management of Christian County, Kentucky offers readers of Christian County's financial statements this narrative overview and analysis of the financial activities of Christian County for the fiscal year ended June 30, 2002. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our letter of transmission and the notes to the financial statements.

Financial Highlights

- The assets of Christian County exceeded its liabilities at the close of the most June 30, 2002 fiscal year by \$11,798,153 (net assets). Of this amount, \$5,515,089 (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The government's total net assets increased by \$1,092,502. This increase is a combination of additional capital assets and budget savings from operations.
- As of the close of the current fiscal year, Christian County governmental funds reported combined ending fund balances of \$4,992,157. Of this amount, \$4,723,770 is available for spending at the government's discretion (unreserved fund balance).
- At the close of the current fiscal year, unreserved fund balance for the General Fund was \$2,099,965, which is approximately 50% of total General Fund annual expenditures.
- Christian County's total indebtedness at the close of fiscal year June 30, 2002 was \$26,281,759, a decrease of \$128,759 (.5%) from the previous fiscal year. This decrease reflects the regularly scheduled payments on capital lease obligations and general obligation bonds. Principal payments on the lease revenue bonds are scheduled to commence in fiscal year 2003.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to Christian County's basic financial statements. Christian County's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Christian County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of Christian County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Christian County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Christian County's governmental activities include general governmental, protection to persons and property, roads, recreation, and social services. The County has two business type activities – operation of a jail canteen and a public properties corporation.

The government-wide financial statements include not only Christian County itself (known as the primary government), but also legally separate entities, which have a significant operational or financial relationship with the County. Christian County has one such entity, the Public Properties Courthouse Corporation. It is known as a blended component unit.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Christian County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Christian County can be divided into two broad categories: *governmental funds and proprietary funds*.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Christian County
Management's Discussion and Analysis
June 30, 2002
Continued

Christian County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balances for the General fund, Road & Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, Revolving Loan Fund, E911 Fund, and Health Insurance Fund, all of which are considered major funds by the County.

Christian County adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with their budgets.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Jail Canteen Fund and the Public Properties Courthouse Corporation Fund, which are considered to be major funds of Christian County.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis.

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

Table 1
Christian County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2001	2002	2001	2002	2001	2002
Assets						
Current and other assets	\$ 4,164,865	\$ 4,992,157	\$ 17,567,616	\$ 522,932	\$ 21,732,481	\$ 5,515,089
Capital assets	13,180,691	14,074,601	2,406,694	18,490,222	15,587,385	32,564,823
Total assets	17,345,556	19,066,758	19,974,310	19,013,154	37,319,866	38,079,912
Liabilities						
Current and other liabilities	422,370	468,186	203,697	593,056	626,067	1,061,242
Long-term liabilities	7,423,148	7,117,530	18,565,000	18,102,987	25,988,148	25,220,517
Total liabilities	7,845,518	7,585,716	18,768,697	18,696,043	26,614,215	26,281,759
Net Assets						
Invested in capital assets, net						
of related debt	-	6,488,885	-	(205,821)	-	6,283,064
Restricted	1,724,301	-	89,934	-	1,814,235	-
Unrestricted	7,775,737	4,992,157	1,115,679	522,932	8,891,416	5,515,089
Total net assets	\$ 9,500,038	\$ 11,481,042	\$ 1,205,613	\$ 317,111	\$ 10,705,651	\$ 11,798,153

Changes in Net Assets.

Governmental Activities. Governmental activities increased Christian County's net assets by \$1.08 million in fiscal year 2002. Key elements of this increase are as follows:

- Total revenues were \$13,464,740, an increase of 6.5% over the prior year.
- Expenditures totaled \$12,188,697, a decrease of 16.2% from the previous year. The decrease was primarily due to a decrease in capital projects of over \$1 million.

Financial Analysis of the County's Funds

As noted earlier, Christian County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview. The focus of Christian County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the June, 2002 fiscal year, the combined ending fund balances of County governmental funds was \$4,992,157. Approximately 95% (\$4,723,770) of this consist of unreserved fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance (\$268,387) is reserved to indicate that it is not available for new spending because it is committed for the various encumbrances.

The County has seven major governmental funds. These are 1) General Fund; 2) Road and Bridge Fund; 3) Jail Fund; 4) Local Government Economic Assistance Fund; 5) Revolving Loan Fund; 6) E911 Fund; and 7) Health Insurance Fund.

1. The General Fund is the chief operating fund of Christian County. At the end of the June 30, 2002 fiscal year, unreserved fund balance of the General Fund was \$2,099,965, while total fund balance was \$2,303,769. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 50% of total General Fund expenditures.

The fund balance of Christian County's General Fund increased by \$160 thousand during the June 30, 2002 fiscal year.

2. The Road and Bridge Fund is the fund related to County road and bridge construction and maintenance. The Road and Bridge Fund had \$15,351 in fund balance at June 30, 2002. The fund balance at the end of the previous year was \$10,667. The fiscal year 2002 expenditures for road projects was \$2.3 million.

Christian County
 Management's Discussion and Analysis
 June 30, 2002
 Continued

3. The Jail Fund is used to account for the operation of the County's detention program. The Jail Fund had a fund balance at June 30, 2002 of 257,415, of which \$219,686 was unreserved. That is an increase in fund balance of \$157,472 over the previous fiscal year end. The Jail Fund received \$678,468 for services, primarily from charges to other counties for housing prisoners.
4. The Local Government Economic Assistance Fund had a fund balance of \$132,415, an increase of \$89,532 over the previous fiscal year end.
5. The Revolving Loan Fund is used to provide financing to businesses that meet the criteria, and is intended to stimulate the local economy through successful private enterprise. The fund balance at June 30, 2002 was \$1,053,716, an increase of \$13,703 over the previous fiscal year end. Included in the fund balance is \$323,088 of outstanding loans to various businesses located in the County. All borrowers except two are in substantial compliance with their loan agreements. Those two borrowers are delinquent in their respective repayment schedules. The cumulative delinquent outstanding debt is \$62,576.
6. The E911 Fund accounts for the operation of the County's emergency operations communications. The Fund had a fund balance of \$960,061 at the end of the June 30, 2002 fiscal year. This represents an increase of \$179,837 over the previous fiscal year end.
7. The Health Insurance Fund had a fund balance at June 30, 2002 of \$269,151, an increase of \$16,711 over the previous fiscal year end.

Proprietary Funds Overview. The County's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

Christian County has two enterprise-type proprietary funds, the Jail Canteen Fund and the Public Properties Courthouse Corporation Fund.

The Jail Canteen Fund's unrestricted net assets at the end of the June 30, 2002 fiscal year amounted to \$95,536. The growth in net assets was 6.5% (\$5,802).

The Public Properties Courthouse Corporation Fund had a fund balance of \$221,575 at the close of the June 30, 2002 fiscal year. This is a decrease of \$894,304 from the previous fiscal year end. This is due to timing differences in receipts of rent and payment of interest due on the Corporation's outstanding capital debt.

General Fund Budgetary Highlights

The County's budget was amended during the fiscal year but total budgeted expenditures did not increase or decrease. Budget amendments were made to all categories, but primarily between General Government (decrease of \$551,821), Capital Projects (decrease of \$1,407,620), and Administration (increase of \$2,225,696).

Actual revenues were \$1,046,199 less than budgeted by the Fiscal Court. This shortfall was primarily from Intergovernmental sources.

Capital Assets and Debt Administration

Capital Assets. Christian County's investment in capital assets for its government and business type activities as of June 30, 2002, amounts to \$32,564,823 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to land other than buildings, machinery and equipment, vehicles and current year infrastructure additions. The County has elected to report infrastructure assets per GASB 34 provisions, which provides a four-year period in which to add infrastructure assets acquired between 1980 and 2001.

Major capital asset events during the 2002 fiscal year included the completion and commencement of use of the new Justice Center. The County also completed an addition to the Christian County Corrections Center to increase capacity of that facility. Construction cost of all facilities was approximately \$16 million for the fiscal year.

Additional information on the County's capital assets can be found in Note 4 of this report.

Table 2
Christian County's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2001	2002	2001	2002	2001	2002
Infrastructure Assets	\$ -	\$ 1,028,875	\$ -	\$ -	\$ -	\$ 1,028,875
Land	536,806	536,806	1,746,166	1,746,166	2,282,972	2,282,972
Land Improvements	13,540	12,931			13,540	12,931
Buildings & Improvements	11,147,731	10,992,535	660,528	16,744,056	11,808,259	27,736,591
Furniture & Office Equipment	353,076	305,857			353,076	305,857
Vehicles & Equipment	1,129,538	1,197,597	-	-	1,129,538	1,197,597
Total Net Capital Assets	\$ 13,180,691	\$ 14,074,601	\$ 2,406,694	\$ 18,490,222	\$ 15,587,385	\$ 32,564,823

Long-Term Debt. At the end of the 2002 fiscal year, Christian County had total bonded debt outstanding of \$22,795,000. Of the total bonded indebtedness, \$4,230,000 is general obligation bonds providing for debt service requirements from 2003 to 2015.

In addition, the Christian County Public Properties Courthouse Corporation entered into a bond issue for the purpose of financing the cost of the property acquisition, construction and equipping of the Justice Center and renovations to the Christian County Corrections Center. The amount of this bond issue is \$18,565,000. No bond principal payments were made in fiscal year 2002. Debt service requirements commence in 2003 and continue through 2023.

Additional information can be found regarding these bond issues in Note 6 to the basic financial statements.

Christian County
Management's Discussion and Analysis
June 30, 2002
Continued

Other matters. The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2003 fiscal year budget:

- The 2003 fiscal year Adopted Budget continues most services at current levels with the exception for which federal or state funding is decreasing or for projects which have been completed or are nearing completion.
- Program cuts at the State level, particularly relating to the cost of housing prisoners, may have a negative impact on funding for county programs. The Fiscal Court may decide to alter the operations or funding of County operations impacted by State revenue shortfalls.

Requests For Information

This financial report is designed to provide a general overview of Christian County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to the Christian County Treasurer, 515 Weber Street, Hopkinsville, KY 42240.

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

CHRISTIAN COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

For The Year Ended June 30, 2002

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 4,669,069	\$ 522,932	\$ 5,192,001
Notes Receivable	96,099		96,099
Total Current Assets	4,765,168	522,932	5,288,100
Noncurrent Assets:			
Notes Receivable	226,989		226,989
Capital Assets - Net of Accumulated Depreciation			
Land	536,806	1,746,166	2,282,972
Land Improvements	12,931		12,931
Buildings	10,992,535	16,744,056	27,736,591
Furniture and Office Equipment	305,857		305,857
Vehicles and Equipment	1,197,597		1,197,597
Infrastructure Assets - Net of Depreciation	1,028,875		1,028,875
Total Noncurrent Assets	14,301,590	18,490,222	32,791,812
Total Assets	19,066,758	19,013,154	38,079,912
LIABILITIES			
Current Liabilities:			
Due Within One Year	468,186	593,056	1,061,242
Noncurrent Liabilities:			
Due In More Than One Year	7,117,530	18,102,987	25,220,517
Total Liabilities	7,585,716	18,696,043	26,281,759
NET ASSETS			
Invested in Capital Assets,			
Net of Related Debt	6,488,885	(205,821)	6,283,064
Unrestricted	4,992,157	522,932	5,515,089
Total net assets	\$ 11,481,042	\$ 317,111	\$ 11,798,153

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

CHRISTIAN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2002

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
General Government	\$ 4,581,290	\$ 897,459	\$ 26,995	\$
Protection to Persons and Property	4,245,406	3,548,846	37,324	
General Health and Sanitation	175,831	23,518	28,021	123,750
Social Services	107,003			
Recreation and Culture	106,296			
Roads	1,651,949	233,000		
Airports	79,836			
Debt Service (Interest)	327,477			
Capital Projects	102,647			
Total Governmental Activities	<u>11,377,735</u>	<u>4,702,823</u>	<u>92,340</u>	<u>123,750</u>
Business-type Activities:				
Jail Canteen Fund	476,598	482,400		
Public Properties Courthouse Corporation	1,227,634	83,528		
Total Business-type Activities	<u>1,704,232</u>	<u>565,928</u>		
Total Primary Government	<u>\$ 13,081,967</u>	<u>\$ 5,268,751</u>	<u>\$ 92,340</u>	<u>\$ 123,750</u>

Net (Disbursements) Receipts and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ (3,656,836)		\$ (3,656,836)
(659,236)		(659,236)
(542)		(542)
(107,003)		(107,003)
(106,296)		(106,296)
(1,418,949)		(1,418,949)
(79,836)		(79,836)
(327,477)		(327,477)
(102,647)		(102,647)
(6,458,822)		(6,458,822)
	5,802	5,802
	(1,144,106)	(1,144,106)
	(1,138,304)	(1,138,304)
(6,458,822)	(1,138,304)	\$ (7,597,126)

General Revenues:

Taxes:		
Real Property Taxes	1,761,248	1,761,248
Personal Property Taxes	294,137	294,137
Motor Vehicle Taxes	240,677	240,677
Other Taxes	587,795	587,795
911 Fees	369,162	369,162
Intergovernmental Revenues		
Not Restricted	4,386,928	4,386,928
Unrestricted Investment Earnings	189,926	249,374
Miscellaneous Revenues	609,953	428
Total General Revenues	8,439,826	249,802
Change in Net Assets	1,981,004	(888,502)
Net Assets - Beginning (Restated)	9,500,038	1,205,613
Net Assets - Ending	\$ 11,481,042	\$ 317,111
		\$ 11,798,153

BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

CHRISTIAN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2002

	General Fund	Road And Bridge Fund	Jail Fund	Local Government Economic Assistance Fund	Revolving Loan Fund
ASSETS					
Cash and Cash Equivalents	\$ 2,303,769	\$ 15,351	\$ 257,694	\$ 132,415	\$ 730,628
Notes Receivable					323,088
Total Assets	<u>\$ 2,303,769</u>	<u>\$ 15,351</u>	<u>\$ 257,694</u>	<u>\$ 132,415</u>	<u>\$ 1,053,716</u>
FUND BALANCES					
Fund Balances:					
Reserved for:					
Encumbrances	203,804	16,531	38,008	10,044	
Unreserved	<u>2,099,965</u>	<u>(1,180)</u>	<u>219,686</u>	<u>122,371</u>	<u>1,053,716</u>
Total Fund Balances	<u>\$ 2,303,769</u>	<u>\$ 15,351</u>	<u>\$ 257,694</u>	<u>\$ 132,415</u>	<u>\$ 1,053,716</u>

CHRISTIAN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2002
(Continued)

	E911 Fund	Health Insurance Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 960,061	\$ 269,151	\$ 4,669,069
Notes Receivable			323,088
Total Assets	<u>\$ 960,061</u>	<u>\$ 269,151</u>	<u>\$ 4,992,157</u>

FUND BALANCES

Fund Balances:

Reserved for:

Encumbrances 268,387

Unreserved 960,061 269,151 4,723,770

Total Fund Balances \$ 960,061 \$ 269,151 \$ 4,992,157

Total Fund Balances \$ 4,992,157

Amounts Reported for Governmental Activities in the Statement of Net Assets Are Different

Because:

Capital Assets Used in Governmental Activities Are Not Financial Resources
and Therefore Are Not Reported in the Funds.

16,518,063

Depreciation

(2,443,462)

Liabilities:

Due Within One Year - Bonds, Notes, and Lease Principal Payments

(468,186)

Due In More Than One Year - Bonds, Notes, and Lease Principal Payments

(7,117,530)

Net Assets of Governmental Activities

11,481,042

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

CHRISTIAN COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2002

	General Fund	Road And Bridge Fund	Jail Fund	Local Government Economic Assistance Fund
REVENUES				
Taxes	\$ 2,783,572	\$	\$	\$
In Lieu Tax Payments	100,285			
Licenses and Permits	64,289			
Intergovernmental	2,497,678	1,499,335	3,981,456	512,396
Charges for Services	178,219		678,468	
Miscellaneous	180,201	11,573	214,117	
Interest	90,407	5,162	1,170	1,408
Total Revenues	<u>5,894,651</u>	<u>1,516,070</u>	<u>4,875,211</u>	<u>513,804</u>
EXPENDITURES				
General Government	2,655,002			
Protection to Persons and Property	555,323		3,423,134	
General Health and Sanitation	160,852			
Social Services	84,928			
Recreation and Culture	102,552			
Roads		2,174,060		424,272
Airports	79,836			
Debt Service			322,295	
Capital Projects	139,980	68,667		
Administration	429,447	87,303	281,851	
Total Expenditures	<u>4,207,920</u>	<u>2,330,030</u>	<u>4,027,280</u>	<u>424,272</u>
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	<u>1,686,731</u>	<u>(813,960)</u>	<u>847,931</u>	<u>89,532</u>
Other Financing Sources (Uses)				
Capital Lease Principal Payments	(66,703)		(143,702)	
Transfers To Other Funds	(1,256,327)	(91,356)	(306,757)	
Transfers From Other Funds		910,000		
Bond Principal Payments			(240,000)	
Total Other Financing Sources (Uses)	<u>(1,323,030)</u>	<u>818,644</u>	<u>(690,459)</u>	
Net Change in Fund Balances	363,701	4,684	157,472	89,532
Fund Balances - Beginning	1,940,068	10,667	100,222	42,883
Fund Balances - Ending	<u>\$ 2,303,769</u>	<u>\$ 15,351</u>	<u>\$ 257,694</u>	<u>\$ 132,415</u>

CHRISTIAN COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2002
(Continued)

	Revolving Loan Fund	E911 Fund	Health Insurance Fund	Total Governmental Funds
REVENUES				
Taxes	\$	\$ 369,162	\$	\$ 3,152,734
In Lieu Tax Payments				100,285
Licenses and Permits				64,289
Intergovernmental				8,490,865
Charges for Services				856,687
Miscellaneous		9,316	194,747	609,954
Interest	28,701	62,118	960	189,926
Total Revenues	28,701	440,596	195,707	13,464,740
EXPENDITURES				
General Government	15,000			2,670,002
Protection to Persons and Property		260,759		4,239,216
General Health and Sanitation				160,852
Social Services				84,928
Recreation and Culture				102,552
Roads				2,598,332
Airports				79,836
Debt Service				322,295
Capital Projects				208,647
Administration			923,436	1,722,037
Total Expenditures	15,000	260,759	923,436	12,188,697
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	13,701	179,837	(727,729)	1,276,043
Other Financing Sources (Uses)				
Capital Lease Principal Payments				(210,405)
Transfers To Other Funds				(1,654,440)
Transfers From Other Funds			744,440	1,654,440
Bond Principal Payments				(240,000)
Total Other Financing Sources (Uses)			744,440	(450,405)
Net Change in Fund Balances	13,701	179,837	16,711	825,638
Fund Balances - Beginning	1,040,015	780,224	252,440	4,166,519
Fund Balances - Ending	\$ 1,053,716	\$ 960,061	\$ 269,151	\$ 4,992,157

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

CHRISTIAN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2002

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - Total Governmental Funds	\$	825,638
--	----	---------

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay		1,261,750
Depreciation Expense		(556,789)

Lease and bond principal payments are expensed in the Governmental Funds as a use of current financial resources.

Lease Principal Payments		210,405
Bond Payment		<u>240,000</u>

Change in Net Assets of Governmental Activities	\$	<u><u>1,981,004</u></u>
---	----	-------------------------

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

CHRISTIAN COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2002

	<u>Enterprise Funds</u>		
	<u>Jail Canteen Fund</u>	<u>Public Properties Courthouse Corporation Fund</u>	<u>Totals</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 95,536	\$ 427,396	\$ 522,932
Total Current Assets	<u>95,536</u>	<u>427,396</u>	<u>522,932</u>
Noncurrent Assets:			
Capital Assets:			
Land and Improvements		1,746,166	1,746,166
Buildings		17,153,853	17,153,853
Less Accumulated Depreciation		<u>(409,797)</u>	<u>(409,797)</u>
Total Noncurrent Assets		<u>18,490,222</u>	<u>18,490,222</u>
Total Assets	<u>95,536</u>	<u>18,917,618</u>	<u>19,013,154</u>
Liabilities			
Current Liabilities:			
Due Within One Year-			
Bonds Payable		515,000	515,000
Notes Payable		<u>78,056</u>	<u>78,056</u>
Total Current Liabilities		<u>593,056</u>	<u>593,056</u>
Noncurrent Liabilities:			
Due In More Than One Year-			
Bonds Payable		18,050,000	18,050,000
Notes Payable		<u>52,987</u>	<u>52,987</u>
Total Noncurrent Liabilities		<u>18,102,987</u>	<u>18,102,987</u>
Total Liabilities		<u>18,696,043</u>	<u>18,696,043</u>
Net Assets			
Invested in Capital Assets,			
Net of Related Debt		(205,821)	(205,821)
Unrestricted	95,536	427,396	522,932
Total Net Assets	<u>\$ 95,536</u>	<u>\$ 221,575</u>	<u>\$ 317,111</u>

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

CHRISTIAN COUNTY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2002

	<u>Enterprise Funds</u>		
	Jail Canteen Fund	Public Properties Courthouse Corporation Fund	Totals
Operating Revenues			
Canteen Receipts	\$ 482,400	\$	\$ 482,400
Lease Income		83,528	83,528
Total Operating Revenues	<u>482,400</u>	<u>83,528</u>	<u>565,928</u>
Operating Expenses			
Cost of Sales	(455,858)		(455,858)
Educational and Recreational	(18,999)		(18,999)
Health Insurance Costs			
Depreciation		(13,689)	(13,689)
Miscellaneous	(1,741)		(1,741)
Total Operating Expenses	<u>(476,598)</u>	<u>(13,689)</u>	<u>(490,287)</u>
Operating Income (Loss)	<u>5,802</u>	<u>69,839</u>	<u>75,641</u>
Nonoperating Revenues (Expenses)			
Interest Income		249,374	249,374
Inmate Pay From State	2,596		2,596
Inmate Deposits	69,899		69,899
Inmate Pay	(2,596)		(2,596)
Inmate Refunds	(69,899)		(69,899)
Interest Payments		(1,130,414)	(1,130,414)
Debt service:			
Interest Disbursements		(10,878)	(10,878)
Principal Disbursements		(72,653)	(72,653)
Miscellaneous		428	428
Total Nonoperating Revenues			
(Expenses)		<u>(964,143)</u>	<u>(964,143)</u>
Net Income (Loss) Before Transfers	<u>5,802</u>	<u>(894,304)</u>	<u>(888,502)</u>
Change In Net Assets	5,802	(894,304)	(888,502)
Total Net Assets - Beginning	89,734	1,115,879	1,205,613
Total Net Assets - Ending	<u>\$ 95,536</u>	<u>\$ 221,575</u>	<u>\$ 317,111</u>

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF CASH FLOWS-
PROPRIETARY FUNDS - MODIFIED CASH BASIS

CHRISTIAN COUNTY
STATEMENT OF CASH FLOWS-
PROPRIETARY FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2002

	Enterprise Funds		
	Jail Canteen Fund	Public Properties Courthouse Corporation Fund	Totals
Cash Flows From Operating Activities			
Receipts From Customers	\$ 482,400	\$	\$ 482,400
Lease Income		83,528	83,528
Claims Paid	(476,598)		(476,598)
Net Cash Provided By Operating Activities	5,802	83,528	89,330
Cash Flows From Noncapital Financing Activities			
Inmate Pay From State	2,596		2,596
Inmate Deposits	69,899		69,899
Inmate Pay	(2,596)		(2,596)
Inmate Refunds on Accounts	(69,899)		(69,899)
Net Cash Provided By Noncapital Financing Activities			
Cash Flows From Capital and Related Financing Activities			
Purchase of Capital Assets			
Acquisition and Construction Of Capital Assets		(10,713,268)	(10,713,268)
Principal Paid On Capital Debt		(72,653)	(72,653)
Interest Paid On Capital Debt		(10,878)	(10,878)
Interest Paid On Capital Debt		(1,130,414)	(1,130,414)
Other Receipts (Payments)		428	428
Net Cash (Used) Provided By Capital and Related Financing Activities		(11,926,785)	(11,926,785)
Cash Flows From Investment Activities			
Interest Earned		249,374	249,374
Net Cash Provided By Investment Activities		249,374	249,374
Net Increase (Decrease) in Cash and Cash Equivalents	5,802	(11,593,883)	(11,588,081)
Cash and Cash Equivalents - July 1	89,734	12,021,279	12,111,013
Cash and Cash Equivalents - June 30	\$ 95,536	\$ 427,396	\$ 522,932

CHRISTIAN COUNTY
STATEMENT OF CASH FLOWS-
PROPRIETARY FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2002 (Continued)

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Jail Canteen Fund</u>	<u>Public Properties Courthouse Corporation Fund</u>	
Operating Income (Loss)	\$ 5,802	\$ 69,839	\$ 75,641
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities			
Depreciation Expense		13,689	13,689
Net Cash Provided By Operating Activities	<u>\$ 5,802</u>	<u>\$ 83,528</u>	<u>\$ 89,330</u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Christian County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Christian County Public Properties Courthouse Corporation as part of the reporting entity.

Christian County Public Properties Courthouse Corporation

The fiscal court appoints a voting majority of the Public Properties Courthouse Corporation's governing board and has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of the Public Properties Courthouse Corporation. Financial information for the Public Properties Courthouse Corporation is blended within Christian County's financial statements.

Additional - Christian County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Christian County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recorded and recognized as part of the fund balances. Payroll revolving accounts are reconciled using the accrual basis of accounting. Property tax receivables, accounts payable, and compensated absences are not reflected in the government wide fund or enterprise financial statements.

Encumbrances lapse at year-end and are not reflected on the statement of net assets and statement of activities; however encumbrances are reflected on the Balance Sheet – Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets are included in the statement of net assets and statement of activities.

The government reports the following major governmental funds:

General Fund - This is the primary operating fund of the Fiscal Court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road and Bridge Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial statement Presentation

The government reports the following major governmental funds: (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, other counties for housing prisoners and transfers from the General Fund. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Local Government Economic Assistance Fund - These funds may be spent for public safety, environmental protection, public transportation, health, recreation, libraries, social services, industrial and economic development, workforce training, and secondary wood industry development. In no event shall these funds be used for expenses relating to the administration of government. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Revolving Loan Fund - These funds are used to promote economic development or provide startup money for businesses. The fiscal court obtained federal grants and then loaned these funds to businesses. This fund is used to track the repayment of these funds.

E911 Fund - These funds are spent for 911 emergency services, therefore the fiscal court maintains this fund to track the receipt and expenditure of these funds.

Health Insurance Fund - This fiscal court implemented a partially self-funded insurance plan that covers all employees. The county pays for each county employee's individual coverage. However, employees are charged for family coverage. The Health Insurance Fund is used to account for all health insurance costs and receipts.

The government reports the following major proprietary funds:

Public Properties Courthouse Corporation Fund - The Public Properties Courthouse Corporation Fund accounts for the activities of the Public Properties Courthouse Corporation, a blended component unit of the county. The Public Properties Courthouse Corporation issues debt to build major facilities or additions. The Christian County Public Properties Courthouse Corporation has entered into a lease/sublease agreement with the Commonwealth of Kentucky, Administrative Office of the Courts (the "AOC"), in which the AOC wishes to use and sublease all or a portion of certain facilities owned or to be constructed by or on behalf of the County. This lease/sublease agreement expires every two years.

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include taxes and unrestricted state funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the county's enterprise fund are charges to customers for sales in the Jail Canteen Fund, and lease revenue in the Public Properties Courthouse Corporation. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificate of deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are valued at their estimated fair market value on the date of donation.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land is not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 25,000	10-60
Buildings	50,000	10-75
Building Improvements	50,000	10-75
Machinery and Equipment	5,000	3-25
Vehicles	5,000	2-40
Infrastructure	25,000	10-50

GASB 34 allows the government to report part of the infrastructure assets at transition. The government has included infrastructure assets purchased this year, which includes bridges and roads. The county has four additional years to add infrastructure assets acquired between 1980 and 2001.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds and capital leases are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt is reflected as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

5. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances, may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the statement of net assets and statement of activities, however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the Fund Balance.

CHRISTIAN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2002
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Stewardship, Compliance, and Accountability

1. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. Formal budgets are not adopted for the Public Properties Courthouse Corporation Fund and the Jail Canteen Fund.

The State Local Finance Officer does not require the Public Properties Courthouse Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific annual payments to this fund and these transfers are budgeted in the governmental funds.

The State Local Finance Officer does not require the Jail Canteen Fund to be budgeted because the fiscal court does not approve the expenses made from these funds.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

F. Related Organization and Joint Ventures

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Christian County Water District is considered a related organization of Christian County Fiscal Court.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the following are considered related organizations of Christian County Fiscal Court:

Hopkinsville-Christian County Airport
 Hopkinsville-Christian County Ambulance Service
 Hopkinsville-Christian County Communication Center
 Hopkinsville-Christian County Convention and Visitors Center
 Hopkinsville-Christian County Economic Development Council
 Hopkinsville-Christian County Public Library
 Hopkinsville-Christian County Recreation Commission
 Hopkinsville-Christian County Senior Citizens
 Hopkinsville-Christian Planning Commission

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 2. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 3. Notes Receivable

- A. The County loaned \$350,000 to Echo III – Convention Center on April 3, 1986, for the purpose of purchasing equipment. Terms of the agreement stipulate a 16-year repayment schedule at 5 percent interest. Records indicate that Echo III – Convention Center is 6 months delinquent with this note. As of June 30, 2002, the principal balance due was \$21,694.
- B. The County loaned \$100,000 to Porta Carport, Inc. on May 11, 1993, for the purpose of purchasing equipment. The terms of the agreement stipulate a 15-year repayment schedule at 5 percent interest. Porta Carport, Inc., is in substantial compliance with the terms of this agreement. As of June 30, 2002, the principal balance due was \$47,928.
- C. On March 13, 1995, Pennyrile Area Development District assigned a \$125,000 loan made to BRHVD Machine & Tool, Inc. to Christian County Fiscal Court. Terms of the agreement stipulate a 10-year repayment schedule at 5 percent interest. Records indicate BRHVD is 14 months delinquent with this note. As of June 30, 2002, the principal balance due was \$40,882.
- D. The County loaned \$81,150 to CBC Investments, LLC, on September 4, 1996. Terms of the agreement stipulate a 7-year repayment schedule at 5.25 percent interest. CBC Investments, LLC is in substantial compliance with the terms of this agreement. As of June 30, 2002, the principal balance due was \$16,748.
- E. The County loaned \$60,000 to BuyRite Parts on February 6, 1998, for the purpose of purchasing real estate and improvements. Terms of the agreement stipulate a 10-year repayment schedule at 5.5 percent interest. Records indicate that BuyRite Parts is in substantial compliance with this agreement. As of June 30, 2002, the principal balance due was \$37,929.
- F. The County loaned \$100,000 to Ag Spray Equipment, Inc. on October 6, 1998, for the purpose of financing a building and real estate. Terms of the agreement stipulate a 10-year repayment schedule at 5.5 percent interest. Records indicate that Ag Spray Equipment, Inc. is in substantial compliance with this agreement. As of June 30, 2002, the principal balance due was \$68,706.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 3. Notes Receivable (Continued)

G. The County loaned \$100,000 to DCM of Hopkinsville, LLC, d/b/a A Kids Place Childcare Center, on January 5, 2001, for the purpose of financing a building and real estate. Terms of the agreement stipulate a 10-year repayment schedule at 6 percent interest. Records indicate that DCM of Hopkinsville, LLC is in substantial compliance with this agreement. As of June 30, 2002, the principal balance due was \$89,201.

Notes receivable, as of year-end for the government's individual major funds and all other funds, in the aggregate, including the delinquent principal payments are as follows:

Company	Governmental Activities		
	Principal Amount Borrowed	Interest Rate	Principal Due As Of June 30, 2003
Echo III – Convention Center	\$ 350,000	5%	\$ 21,694
Porta Carport, Inc.	100,000	5%	47,928
BRHVD Machine and Tool, Inc.	125,000	5%	40,882
CBC Investments, LLC	81,150	5.25%	16,748
BuyRite Parts	60,000	5.5%	37,929
Ag Spray Equipment, Inc.	100,000	5.5%	68,706
DCM of Hopkinsville, LLC	100,000	6%	89,201
Totals	<u>\$ 916,150</u>		<u>\$ 323,088</u>

These receivables are due to the Revolving Loan Fund.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2002 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 536,806	\$	\$	\$ 536,806
Total Capital Assets Not Being Depreciated	536,806			536,806
Capital Assets, Being Depreciated:				
Land Improvements	25,642			25,642
Buildings	12,252,321			12,252,321
Furniture and Office Equipment	573,253	12,321		585,574
Vehicles and Equipment	1,679,342	295,184		1,974,526
Infrastructure		1,143,194		1,143,194
Total Capital Assets, Being Depreciated	14,530,558	1,450,699		15,981,257
Less Accumulated Depreciation For:				
Land Improvements	(12,102)	(609)		(12,711)
Buildings	(1,104,590)	(155,196)		(1,259,786)
Furniture and Office Equipment	(220,177)	(59,540)		(279,717)
Vehicles and Road Equipment	(549,804)	(227,125)		(776,929)
Infrastructure		(114,319)		(114,319)
Total Accumulated Depreciation	(1,886,673)	(556,789)		(2,443,462)
Total Capital Assets, Being Depreciated, Net	12,643,885	893,910		13,537,795
Government Activities Capital Assets, Net	\$ 13,180,691	\$ 893,910	\$ 0	\$ 14,074,601

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 4. Capital Assets (Continued)

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,746,166	\$	\$	\$ 1,746,166
Total Capital Assets Not Being Depreciated	1,746,166			1,746,166
Capital Assets, Being Depreciated:				
Buildings	1,056,636	16,097,217		17,153,853
Total Capital Assets, Being Depreciated	1,056,636	16,097,217		17,153,853
Less Accumulated Depreciation For:				
Buildings	(396,108)	(13,689)		(409,797)
Total Accumulated Depreciation	(396,108)	(13,689)		(409,797)
Total Capital Assets, Being Depreciated, Net	660,528	16,083,528		16,744,056
Business-type Activities Capital Assets, Net	\$ 2,406,694	\$ 16,083,528	\$ 0	18,490,222

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 254,108
Protection to Persons and Property	46,127
General Health and Sanitation	14,979
Social Services	22,075
Recreation and Culture	3,744
Roads, Including Depreciation of General Infrastructure Assets	<u>215,756</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 556,789</u>
<u>Business-type Activities</u>	
Courthouse Annex and New Justice Center	<u>\$ 13,689</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 13,689</u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 5. Capital Leases

The fiscal court entered into various lease agreements for vehicles to be used by the county police, sheriff, and jail personnel. The balance of these leases at June 30, 2002 was \$208,716.

The Kentucky Local Correctional Facilities Construction Authority, an independent corporate agency and instrumentality of the Commonwealth of Kentucky, issues revenue bonds for the purpose of construction and reconstruction of jail facilities. On June 18, 1992, the fiscal court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$4,081,000 at a 5.863% effective interest rate. The terms of the lease were for 25 years. The maturity date of the lease is February 1, 2017. The balance of the lease at June 30, 2002 was \$3,147,000.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Buildings	\$ 4,081,000
Vehicles and Equipment	315,932
Less: Accumulated Depreciation	<u>(643,212)</u>
Total	<u><u>\$ 3,753,720</u></u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 5. Capital Leases (Continued)

The future minimum lease obligations and net present values of these minimum lease payments as of June 30, 2002, were as follows:

Fiscal Year Ended June 30	Governmental Activities
2003	\$ 407,471
2004	406,033
2005	370,470
2006	319,400
2007	318,506
2008-2012	1,578,859
2013-2017	<u>1,548,997</u>
Total Minimum Lease Payments	\$ 4,949,736
Less: Amount Representing Interest	<u>1,594,020</u>
Present Value of Minimum Lease Payments	<u><u>\$ 3,355,716</u></u>

Note 6. Long-term Debt

General Obligation Bonds

The county issued general obligation bonds in the amount of \$4,705,000 on December 1, 1998. The proceeds of the bonds were used to expand, renovate, and improve the Christian County Detention Facility. The bonds bear interest between 3.5% and 4.2%. Payments are due on December 1st and June 1st of each year. The maturity date of the bonds is December 1, 2014. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental Activities	3.5% -4.2%	<u><u>\$ 4,230,000</u></u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 6. Long-term Debt (Continued)

General Obligation Bonds (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2003	\$ 250,000	\$ 168,404
2004	260,000	158,204
2005	275,000	147,504
2006	285,000	136,304
2007	295,000	124,704
2008-2012	1,680,000	428,859
2013-2015	1,185,000	75,915
Totals	<u>\$ 4,230,000</u>	<u>\$ 1,239,894</u>

Revenue Bonds

The Christian County Public Properties Courthouse Corporation entered into a bond issue titled, Christian County Public Courthouse Corporation Lease Revenue Bonds (Courts Facility Project), Series 2000 bonds on November 1, 2000 for the purpose of financing the cost of the acquisition, construction, and equipping of the Justice Center, a court facility, and complete renovation of the Christian County Corrections Center. The issue amount of the bonds was \$18,565,000. The bonds bear interest between 5.1% and 5.25%. No bond payments were made this fiscal year.

Fiscal Year Ended June 30	Business-type Activities	
	Principal	Interest
2003	515,000	933,506
2004	535,000	907,256
2005	565,000	879,756
2006	590,000	850,881
2007	625,000	820,506
2008-2012	3,625,000	3,589,281
2013-2017	4,665,000	2,546,516
2018-2022	6,040,000	1,181,460
2023	1,405,000	36,881
Totals	<u>\$ 18,565,000</u>	<u>\$ 11,746,043</u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 6. Long-term Debt (Continued)

Revenue Bonds (Continued)

The Christian County Public Properties Courthouse Corporation entered into a lease/sublease agreement with the Commonwealth of Kentucky, Administrative Office of the Courts (AOC), in which the AOC wishes to use and sublease all or a portion of certain facilities owned or to be constructed by or on behalf of the County. AOC assumed \$17,740,000 of the total debt of \$18,565,000. The Christian County Fiscal Court has agreed to pay part of the costs of this bond issue in the amount of \$825,000.

Long Term Notes

On August 1, 1984, the Christian County Public Properties Courthouse Corporation entered into a 1st Mortgage Real Estate Note with BB&T (Formerly Planters Bank) for the Hall of Justice. The principal amount was \$250,000. The note will bear interest on a fixed rate of 8%. The purpose of the note is to provide funds for financing the renovation and construction of a second circuit court room of the Hall of Justice Building. The termination date of the note is August 1, 2004.

Fiscal Year Ended June 30	Principal	Interest
2003	\$ 22,007	\$ 3,154
2004	23,480	1,679
2005	5,843	123
Totals	<u>\$ 51,330</u>	<u>\$ 4,956</u>

The Christian County Public Properties Courthouse Corporation entered into an agreement with BB&T on June 7, 1991 for the circuit court room in the amount of \$482,650. The termination date of the note is December 1, 2004.

Fiscal Year Ended June 30	Principal	Interest
2003	\$ 56,049	\$ 2,338
2004	23,664	293
Totals	<u>\$ 79,713</u>	<u>\$ 2,631</u>

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 6. Long-term Debt (Continued)

Changes In Long-term Liabilities

Long-term liability activity for the year ended June 30, 2002, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 4,470,000	\$	\$ 240,000	\$ 4,230,000	\$ 250,000
Capital Leases	3,377,174	188,948	210,406	3,355,716	218,186
Governmental Activities Long-term Liabilities	<u>\$ 7,847,174</u>	<u>\$ 188,948</u>	<u>\$ 450,406</u>	<u>\$ 7,585,716</u>	<u>\$ 468,186</u>
<u>Business-type Activities:</u>					
Revenue Bonds	\$	\$ 18,565,000	\$	\$ 18,565,000	\$ 515,000
Long-Term Notes	203,697		72,654	131,043	78,056
Business-type Activities Long-term Liabilities	<u>\$ 203,697</u>	<u>\$ 18,565,000</u>	<u>\$ 72,654</u>	<u>\$ 18,696,043</u>	<u>\$ 593,056</u>

Note 7. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 8. Health Insurance

The Christian County Fiscal Court elected to begin a partially self-funded health insurance plan in 1998. This partially self-funded insurance plan covers all employees. The county pays for each county employee's individual coverage. The Fiscal Court elected to change administrators to administer the employee benefit plan from July 1, 2000 through June 30, 2003.

This partially self-funded insurance plan has two distinct components that the fiscal court must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Fixed costs for fiscal year ending June 30, 2002 were \$171,510. The second component is the claims cost. Christian County is responsible to pay all claims as they incur. Once an individual exceeds \$30,000 in claims or the County's aggregate claims exceed the predetermined maximum, then the County will receive reimbursements from the carrier. Claims for fiscal year ended June 30, 2002 were \$637,026 and reimbursements were \$122,618. Christian County Fiscal Court's contract with North American Administrators has no terminal liability provision. The Court would be responsible to pay all run-out claims after termination. The Health Insurance Fund had a balance of \$269,151 as of June 30, 2002.

Note 9. Changes in Accounting Principles

The county has elected to implement Governmental Accounting Standards Board (GASB) Statements 33, 34 and 37, as they relate to the modified cash basis of accounting as described in Note 1, which has altered the format and content of the basic financial statements.

The beginning net asset balance for governmental activities was \$9,500,038 and the beginning fund balance was \$4,166,519 for an increase of \$3,719,675, which was due to capital assets previously omitted.

The beginning net asset balance of the business-type activities was \$1,205,613 and the beginning cash and cash equivalent balance was \$12,111,113. The beginning net asset balance was not stated in the prior audit.

THIS PAGE LEFT BLANK INTENTIONALLY

BUDGETARY COMPARISON SCHEDULES – MAJOR FUNDS

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES – MAJOR FUNDS

Required Supplemental Information
Modified Cash Basis

For The Year Ended June 30, 2002

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,617,420	\$ 2,617,420	\$ 2,783,572	\$ 166,152
In Lieu Tax Payments	105,353	105,353	100,285	(5,068)
Licenses and Permits	53,300	53,300	64,289	10,989
Intergovernmental	3,773,150	3,773,150	2,497,678	(1,275,472)
Charges for Services	28,800	28,800	178,219	149,419
Miscellaneous	265,997	265,997	180,201	(85,796)
Interest	96,830	96,830	90,407	(6,423)
Total Revenues	6,940,850	6,940,850	5,894,651	(1,046,199)
EXPENDITURES				
General Government	3,206,823	2,655,002	2,655,002	
Protection to Persons and Property	738,541	555,323	555,323	
General Health and Sanitation	195,657	160,852	160,852	
Social Services	120,548	84,928	84,928	
Recreation and Culture	111,500	102,552	102,552	
Airports	83,500	79,836	79,836	
Capital Projects	1,547,600	139,980	139,980	
Administration	761,826	2,987,522	429,447	2,558,075
Total Expenditures	6,765,995	6,765,995	4,207,920	2,558,075
Excess (Deficiency) of Revenues Over Expenditures	174,855	174,855	1,686,731	1,511,876
OTHER FINANCING SOURCES (USES)				
Capital Lease Principal Payments	(66,703)	(66,703)	(66,703)	
Transfers Out to Other Funds	(2,084,740)	(2,084,740)	(1,256,327)	828,413
Total Other Financing Sources and Uses	(2,151,443)	(2,151,443)	(1,323,030)	828,413
Net Changes in Fund Balances	(1,976,588)	(1,976,588)	363,701	2,340,289
Fund Balances - Beginning	1,976,588	1,976,588	1,940,068	(36,520)
Fund Balances - Ending	\$ 0	\$ 0	\$ 2,303,769	\$ 2,303,769

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES – MAJOR FUNDS
Required Supplemental Information
Modified Cash Basis
For The Year Ended June 30, 2002 (Continued)

	ROAD AND BRIDGE FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts,	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
REVENUES				
Intergovernmental	\$ 1,617,000	\$ 1,617,000	\$ 1,499,335	\$ (117,665)
Miscellaneous	14,100	14,100	11,573	(2,527)
Interest	4,000	4,000	5,162	1,162
Total Revenues	1,635,100	1,635,100	1,516,070	(119,030)
EXPENDITURES				
Roads	2,851,427	2,174,060	2,174,060	
Capital Projects	300,000	68,667	68,667	
Administration	113,149	1,021,849	87,303	934,546
Total Expenditures	3,264,576	3,264,576	2,330,030	934,546
Excess (Deficiency) of Revenues Over Expenditures	(1,629,476)	(1,629,476)	(813,960)	815,516
OTHER FINANCING SOURCES (USES)				
Transfers Out	(96,300)	(96,300)	(91,356)	4,944
Transfers In	1,715,776	1,715,776	910,000	(805,776)
Total Other Financing Sources and Uses	1,619,476	1,619,476	818,644	(800,832)
Net Changes in Fund Balances	(10,000)	(10,000)	4,684	14,684
Fund Balances - Beginning	10,000	10,000	10,667	667
Fund Balances - Ending	\$ 0	\$ 0	\$ 15,351	\$ 15,351

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES – MAJOR FUNDS
Required Supplemental Information
Modified Cash Basis
For The Year Ended June 30, 2002 (Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,091,991	\$ 4,091,991	\$ 3,981,456	\$ (110,535)
Charges For Services	258,600	258,600	678,468	419,868
Miscellaneous	181,600	181,600	214,117	32,517
Interest	3,000	3,000	1,170	(1,830)
Total Revenues	<u>4,535,191</u>	<u>4,535,191</u>	<u>4,875,211</u>	<u>340,020</u>
EXPENDITURES				
Protection to Persons and Property	3,294,413	3,423,134	3,423,134	
Debt Service	419,860	322,295	322,295	
Administration	316,378	285,222	281,851	3,371
Total Expenditures	<u>4,030,651</u>	<u>4,030,651</u>	<u>4,027,280</u>	<u>3,371</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>504,540</u>	<u>504,540</u>	<u>847,931</u>	<u>343,391</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	(143,702)	(143,702)	(143,702)	
Bond Principal Payments	(240,000)	(240,000)	(240,000)	
Transfers Out	(320,838)	(320,838)	(306,757)	14,081
Total Other Financing Sources and Uses	<u>(704,540)</u>	<u>(704,540)</u>	<u>(690,459)</u>	<u>14,081</u>
Net Change in Fund Balances	(200,000)	(200,000)	157,472	357,472
Fund Balances - Beginning	<u>200,000</u>	<u>200,000</u>	<u>100,222</u>	<u>(99,778)</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 257,694</u>	<u>\$ 257,694</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES – MAJOR FUNDS
Required Supplemental Information
Modified Cash Basis
For The Year Ended June 30, 2002 (Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 423,341	\$ 423,341	\$ 512,396	\$ 89,055
Interest	1,300	1,300	1,408	108
Total Revenues	<u>424,641</u>	<u>424,641</u>	<u>513,804</u>	<u>89,163</u>
EXPENDITURES				
General Government	10,341	10,341		10,341
Roads	424,300	424,300	424,272	28
Total Expenditures	<u>434,641</u>	<u>434,641</u>	<u>424,272</u>	<u>10,369</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>89,532</u>	<u>99,532</u>
Net Changes In Fund Balances	(10,000)	(10,000)	89,532	99,532
Fund Balances - Beginning	<u>10,000</u>	<u>10,000</u>	<u>42,883</u>	<u>32,883</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 132,415</u>	<u>\$ 132,415</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES – MAJOR FUNDS
Required Supplemental Information
Modified Cash Basis
For The Year Ended June 30, 2002 (Continued)

	REVOLVING LOAN FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 88,151	\$ 88,151	\$ 59,688	\$ (28,463)
Interest	38,553	38,553	28,701	(9,852)
Total Revenues	<u>126,704</u>	<u>126,704</u>	<u>88,389</u>	<u>(38,315)</u>
EXPENDITURES				
General Government	751,751	751,751	15,000	736,751
Total Expenditures	<u>751,751</u>	<u>751,751</u>	<u>15,000</u>	<u>736,751</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(625,047)</u>	<u>(625,047)</u>	<u>73,389</u>	<u>698,436</u>
Net Changes In Fund Balances	(625,047)	(625,047)	73,389	698,436
Fund Balances - Beginning	<u>625,047</u>	<u>625,047</u>	<u>657,239</u>	<u>32,192</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 730,628</u>	<u>\$ 730,628</u>

Reconciliation of Budgetary Fund Balance to Modified Cash Basis Fund Balance:

Actual Fund Balance as of June 30, 2002	\$ 730,628
Notes Receivable	<u>323,088</u>
Fund Balance as of June 30, 2002	<u>\$ 1,053,716</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES – MAJOR FUNDS
Required Supplemental Information
Modified Cash Basis
For The Year Ended June 30, 2002 (Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 351,000	\$ 351,000	\$ 369,162	\$ 18,162
Miscellaneous	100	100	9,316	9,216
Interest	46,900	46,900	62,118	15,218
Total Revenues	<u>398,000</u>	<u>398,000</u>	<u>440,596</u>	<u>42,596</u>
EXPENDITURES				
Protection To Persons and Property	414,755	260,759	260,759	
Administration	5,000	158,996		158,996
Total Expenditures	<u>419,755</u>	<u>419,755</u>	<u>260,759</u>	<u>158,996</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(21,755)</u>	<u>(21,755)</u>	<u>179,837</u>	<u>201,592</u>
Net Changes In Fund Balances	(21,755)	(21,755)	179,837	201,592
Fund Balances - Beginning	<u>21,755</u>	<u>21,755</u>	<u>780,224</u>	<u>758,469</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 960,061</u>	<u>\$ 960,061</u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES – MAJOR FUNDS
Required Supplemental Information
Modified Cash Basis
For The Year Ended June 30, 2002 (Continued)

	HEALTH INSURANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 25,000	\$ 25,000	\$ 194,747	\$ 169,747
Interest	3,800	3,800	960	(2,840)
Total Revenues	28,800	28,800	195,707	166,907
EXPENDITURES				
Administration	1,014,902	1,014,902	923,436	91,466
Total Expenditures	1,014,902	1,014,902	923,436	91,466
Excess (Deficiency) of Revenues Over Expenditures	(986,102)	(986,102)	(727,729)	258,373
OTHER FINANCING SOURCES (USES)				
Transfers In	786,102	786,102	744,440	(41,662)
Total Other Financing Sources and Uses	786,102	786,102	744,440	(41,662)
Net Changes In Fund Balances	(200,000)	(200,000)	16,711	216,711
Fund Balances - Beginning	200,000	200,000	252,440	52,440
Fund Balances - Ending	\$ 0	\$ 0	\$ 269,151	\$ 269,151

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Steve Tribble, Christian County Judge/Executive

Members of the Christian County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Christian County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated July 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Christian County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Christian County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 29, 2003

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

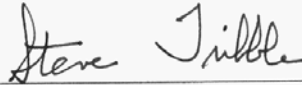
CHRISTIAN COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2002

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
CHRISTIAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2002

The Christian County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer

